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HARVARD

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CURRENCY FIGURES

Rubles Purchased Per 100:

	Sep.78	Jul.79	Aug.79	Sep.79
Aust. s.	4.640	4.840	4.850	4.870
U.K.pound	131.000	142.250	150.000	147.200
W.Ger.mark	33.760	35.670	35.610	35.610
Can.dollar	58.470	56.150	55.420	55.900
U.S.dollar	67.100	65.400	64.700	65.200
Fr.franc	15.420	15.400	15.290	15.290
Jap. yen	.354	.304	.302	.298
Ital.lira	.080	.0788	.0793	.0797
Swiss fr.	41.040	39.750	39.420	39.420

Currency exchange rates for the Austrian shilling, the Canadian dollar, the U.S. dollar, and the Italian lira increased from August to September 1979, while the British pound and the Japanese yen declined. The West German mark, the French franc, and the Swiss franc remained unchanged.

DIRECTORY OF USSR FOREIGN TRADE ORGANIZATIONS

The Bureau of East-West Trade has published a "Directory of USSR Foreign Trade Organizations." This includes the names and addresses and organizational framework of the foreign trade organizations of the Ministry of Foreign Trade in the wake of the reorganization that has taken place within the last two years. It is a particularly useful tool for anyone interested in information about whom to contact with trade prospects. Those interested in receiving such a directory should contact the USSR Affairs Division, Room 4323, Office of East-West Country Affairs, Bureau of East-West Trade, Industry & Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230, or phone (202) 377-4655. The Department of Commerce intends to maintain listings of new trade organizations and to update the material.

INDUSTRIAL PRODUCTION FOR THE FIRST EIGHT MONTHS OF 1979

Product	Aug. 1979	Jan.-Aug.79	% of 1st 8 mos. of 79 over 78
Electricity [bil. kw. hours]	95.1	809	103
Petroleum (Including gas condensate) [mil.tons]	50.1	387	103
Natural gas [bil.cu.m.]	32.9	266	109
Coal [mil.tons]	58.6	483	100.6
Steel [mil.tons]	12.4	99.6	99
Fertilizer [mil.tons]	8.0	63.6	96
Metal-Cutting Tools [1000's]	19.3	154	98
Computer Technology [bil. rubles]	0.3	2.5	116
Watches [mils.]	5.6	43.0	103
Radios [mils.]	0.7	5.6	97
Television sets [mils.]	0.6	4.8	100.8
Paper [mil.tons]	0.5	3.1	96
Cement [mil.tons]	10.5	81.3	95
Meat [mil.tons]	0.8	5.5	104
Margarine [1000 tons]	75.8	812	102
Motor Vehicles [1000's]	185	1442	100.9
cars	114	876	100.1
brucks	63.9	514	102
Tractors [1000's]	46.1	336	96

INDUSTRIAL PRODUCTION CONTINUES TO GROW AT A SLOW RATE

As the accompanying table indicates, economic growth has slowed significantly in 1979. For the first eight months of the year, the Soviets report that the overall volume of industrial production increased by only 3.6%. That is way below the target. Consequently, the Soviet statement that the plan is .1% above target suggests that the Soviets have been tampering with the target after it was originally set.

Production in some specific industries is not even up to last year's levels. Repeating an observation from earlier Newsletters, that in part is due to the very cold winter that the Soviets have experienced this year. Not only was it cold in January and February, but some parts of the country also experienced very serious flooding problems in May and June. This has had an impact not only on industry but also on agriculture. But some segments of Soviet industry appear to be suffering from more than the weather.

Industries that report that they were unable to attain last year's production level include the steel industry, mineral fertilizer, the machine tool industry, the tractor industry, the paper industry, the cement industry, radio industry, and the washing-machine industry. Other industries are just barely attaining last year's goal. Thus, the automobile industry produced virtually the same number of cars that it did in 1978.

The news is a little better in the petroleum industry. Petroleum production increased by 2.7% over the corresponding eight months of 1978. That means that production is up 10 million tons over the preceding year. It is worth noting that for the first seven months of 1979, production was up 9 million tons. Thus the Soviets have apparently gained one extra million ton in their attempt to meet their target for 1979. However, at the present rate they are unlikely to meet the overall target, which originally called for them to produce almost 30 million tons more, rather than the 10 that they have after eight months.

Finally, the industry that seems to be doing the best, as has been noted earlier this year, is the gas industry.

Clearly, given the lack of success in the industrial sector, the harvest figures when they finally do appear are undoubtedly going to pose serious headaches for Soviet government leaders.

NEW SERIES OF CORPORATE SPONSOR CONFERENCES

The first conference is scheduled for Monday, November 5, as usual at Harvard University. In a departure from past practice, however, the Conference will be held at Coolidge Hall at Harvard University rather than the Harvard Faculty Club. Coolidge Hall is located at 1737 Cambridge Street and is the home of the Russian Research Center.

The topic for the first session will be "Opportunities for American Agriculture and Agro-Business." We have a variety of speakers from agriculture, industry, and the grain companies. Given the problems the Soviet Union continues to have with its agriculture, this should be a particularly timely session.

Since we will have a somewhat smaller seating capacity at Coolidge Hall than we have had at the Harvard Faculty Club, we may have to limit the number of participants. Therefore, we urge those who are interested to send in their applications as soon as possible. We will accept reservations on a first-come/first-serve basis.

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The Russian Research Center takes no official stand on any economic or political matter. The views and analyses expressed in this Newsletter are those of the authors directly associated with the article in question; and, unless otherwise stated, with those of the editor, Marshall I. Goldman.

BALANCE OF TRADE - 1st HALF 1978 AND 1979
(Million Rubles)

	Exports From USSR		Imports To USSR	
	1978	1979	1978	1979
Austria	184	189	142	164
Belgium	217	182	126	149
GB	356	480	353	399
Greece	74	83	47	40
Denmark	85	107	23	50
Italy	549	518	437	419
Netherlands	122	291	86	128
Norway	28	32	17	23
Germany	634	774	1039	1196
France	389	485	496	685
Switzerland	96	92	127	151
Sweden	142	197	108	113
Japan	342	354	788	874
Subtotal	3218	3784	3789	4391
Sub-Balance of Trade			-571	-607
USA	100	119	1035	963
Canada	13	17	130	113
Australia	2	3	171	144
New Zealand	2	1	23	66
Total:	3335	3924	5148	5677
Balance of Trade			-1813	-1753

THE BALANCE OF TRADE & THE BAD SOVIET HARVEST

Soviet statistics show that the trade balance for the first half of 1979 was not especially encouraging for the Soviet government. Excluding the sale of arms and of precious metals such as gold, the Soviets showed some slight improvement in the overall trade deficit. The deficit was reduced by about 60 million rubles. However, that was due largely to the fact that import expenditures from the grain producing countries in the first half of 1979 were lower by approximately 60 to 70 million rubles than the preceding year. If one looks at the Soviet trade balance with Western Europe and Japan, the deficit has increased slightly. This is largely because of the sharp increase in imports from those countries, particularly France, West Germany, and Japan.

Now that the 1979 grain harvest is so far below projections, the Soviets will have to import considerable quantities of grain from the United States. If they import the full amount authorized by the United States Department of Agriculture, that should increase the trade deficit they have with the United States and in turn their overall trade deficit by a significant amount.

As for Soviet exports, there is a sharp increase in exports to West Germany. That is probably due to an increase in the export of natural gas. Similarly, there is an increase in exports to France and to Great Britain. In the case of France that may be natural gas, but in the case of Great Britain that is probably due to an increase in the sale of petroleum and timber.